

BULLDOG MAGAZINES LIMITED

Company No: 2450400

ACCOUNTS

for the year ended

31ST MARCH 1997

SMITH & WILLIAMSON
Chartered Accountants
GUILDFORD



BULLDOG MAGAZINES LIMITED

DIRECTOR'S REPORT

The directors present their report and the accounts for the year ended 31st March 1997.

PRINCIPAL ACTIVITY

The principal activity of the company is the publishing of magazines.

The company has continued to expand. The overall result is an increased profit for 1996/7 and the directors hope that continued progress will be made in 1997/8.

RESULTS AND DIVIDENDS

The retained profit for the year amounted to £87,000.

The directors do not recommend payment of a dividend.

DIRECTORS

The directors who served during the year and their interests in the share capital of the company at the beginning and end of the year were as follows:

	<u>Ordinary shares</u>	
	<u>1997</u>	<u>1996</u>
P.D.R. Dobson	25,000	25,000
D.M. Kirke-Smith	-	-
M.W.R. Dobson (resigned 6.7.96)	-	13,636

AUDITORS

The auditors, Smith & Williamson, have indicated their willingness to continue in office and a resolution for their re-appointment will be proposed at the forthcoming annual general meeting.

Onslow Bridge Chambers
Bridge Street
Guildford
Surrey

sg December 1997

By order of the Board


D.M. Kirke-Smith
Secretary

BULLDOG MAGAZINES LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the profit and loss of the company for that period. In preparing these accounts, the directors are required to :

select suitable accounting policies and then apply them consistently;

make judgements and estimates that are reasonable and prudent;

prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts comply with the Companies Act. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS' REPORT TO THE MEMBERS OF BULLDOG MAGAZINES LIMITED

We have audited the accounts on pages 4 to 13 which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary, in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of the company's affairs at 31st March 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

In our opinion the company is entitled for the year ended 31st March 1997 to the exemption conferred by Section 248 of the Companies Act 1985 from the requirement to prepare group accounts.

GUILDFORD
5th December 1997

Smith & Will

SMITH & WILLIAMSON
Chartered Accountants
Registered Auditors

BULLDOG MAGAZINES LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST MARCH 1997

	Notes	1997 £	1996 (as restated) £
TURNOVER	2	860,911	799,913
Cost of sales		(465,969)	(452,998)
GROSS PROFIT		394,942	346,915
Administrative expenses		(331,755)	(333,534)
OPERATING PROFIT	3	63,187	13,381
Interest receivable		21,800	17,538
Interest payable	4	(596)	(397)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		84,391	30,522
Tax on profit on ordinary activities	6	2,609	(3,506)
PROFIT FOR THE FINANCIAL YEAR	16	£ 87,000	£ 27,016

There are no recognised gains or losses other than the profit for the year shown above.

All activities are classed as continuing.

Movements in shareholders' funds are given in note 17.

BULLDOG MAGAZINES LIMITED

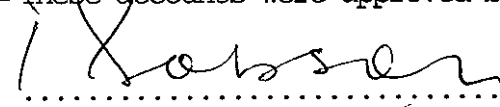
BALANCE SHEET

31ST MARCH 1997

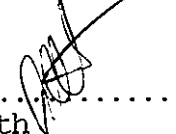
	Note	1997 £	1996 (as restated) £
FIXED ASSETS			
Intangible assets	7	10,500	14,000
Tangible assets	8	7,765	13,551
Investment	9	51,765	51,765
		<u>70,030</u>	<u>79,316</u>
CURRENT ASSETS			
Stocks	10	11,818	7,000
Debtors	11	92,341	58,764
Cash at bank and in hand		463,955	317,414
		<u>568,114</u>	<u>383,178</u>
CREDITORS: amounts falling due within one year	12	(518,592)	(426,489)
NET CURRENT ASSETS		<u>49,522</u>	<u>(43,311)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>119,552</u>	<u>36,005</u>
CREDITORS: amounts falling due after more than one year	13	(6,151)	(9,604)
		<u>£ 113,401</u>	<u>£ 26,401</u>
CAPITAL AND RESERVES			
Called up share capital	14	45,454	45,454
Share premium account	15	9,546	9,546
Profit and loss account	16	58,401	(28,599)
EQUITY SHAREHOLDERS' FUNDS	17	<u>£ 113,401</u>	<u>£ 26,401</u>

These accounts were approved by the board of directors on

5th December 1997


.....
P.D.R. Dobson

Directors


.....
D.M. Kirke-Smith

BULLDOG MAGAZINES LIMITED

NOTES TO THE ACCOUNTS

31ST MARCH 1997

1. ACCOUNTING POLICIES

1.1 Accounting convention

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.

1.2 Depreciation of intangible assets

The company's policy is to write off goodwill evenly over its economic life of 10 years.

1.3 Depreciation

Depreciation is calculated so as to write off the cost of tangible fixed assets over their estimated useful economic lives as follows:-

Furniture, fixtures

and equipment

20% Straight line

Motor vehicles

33% Straight line

1.4 Fixed asset investment

The company's fixed asset investments are valued at cost.

1.5 Stock

Stock is valued at the lower of cost and estimated net realisable value, after making due allowance for obsolete and slow moving items.

1.6 Deferred taxation

Deferred taxation is provided where there is a reasonable probability of the amount becoming payable in the foreseeable future.

1.7 Foreign exchange

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange prevailing at the accounting date. Transactions in foreign currencies are recorded at the date of the transactions. All differences are taken to the profit and loss account.

1.8 Leasing and hire purchase

Assets acquired under finance leases or hire purchase contracts are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Finance charges and interest are taken to the profit and loss account over the period of the lease.

BULLDOG MAGAZINES LIMITED

NOTES TO THE ACCOUNTS

31ST MARCH 1997

1.9 Consolidated accounts

The company has taken advantage of Section 248 of the Companies Act 1985 not to incorporate its subsidiary The British Connection Inc. into these accounts.

2. TURNOVER

The company carries on only one class of business, turnover is stated exclusive of VAT and is geographically analysed as follows:

	1997	1996
United Kingdom	559,354	464,880
North America and Canada	301,557	335,033
	<u>£ 860,911</u>	<u>£ 799,913</u>

3. OPERATING PROFIT

1997	1996
£	£

The operating profit is stated after charging:-

Amortisation and depreciation	9,286	7,383
Auditors' remuneration	4,800	4,800
Staff costs (note 5)	68,680	82,522
Operating lease rentals:-		
Motor vehicles	524	3,144
	<u> </u>	<u> </u>

4. INTEREST PAYABLE AND SIMILAR CHARGES

1997	1996
£	£

Lease finance charges and hire purchase interest	£ 596	£ 397
	<u> </u>	<u> </u>

BULLDOG MAGAZINES LIMITED

NOTES TO THE ACCOUNTS

31ST MARCH 1997

5.	DIRECTOR AND EMPLOYEES	1997 £	1996 £
	Staff costs:-		
	Wages and salaries	62,632	74,077
	Social security costs	6,048	8,445
		<u>£ 68,680</u>	<u>£ 82,522</u>
	The average weekly number of employees during the year was made up as follows:	Number	Number
	Office and management	<u>3</u>	<u>4</u>
6.	TAX ON PROFIT ON ORDINARY ACTIVITIES	1997 £	1996 £
	U.K. corporation tax at 24% (1996 - 25%) based on profits for the year	(3,000)	7,400
	Adjustment in respect of prior years	391	(3,894)
		<u>£ (2,609)</u>	<u>£ 3,506</u>
7.	INTANGIBLE FIXED ASSETS		
	Goodwill		
	Cost:	£	
	At 1st April 1996 and at 31st March 1997	<u>35,000</u>	
	Amortisation:		
	At 1st April 1996	21,000	
	Charge for year	3,500	
	At 31st March 1997	<u>24,500</u>	
	Net book value at 31st March 1997	<u>£ 10,500</u>	
	Net book value at 1st April 1996	<u>£ 14,000</u>	

BULLDOG MAGAZINES LIMITED

NOTES TO THE ACCOUNTS

31ST MARCH 1997

8. TANGIBLE FIXED ASSETS

	Fixtures and Fittings £	Motor Vehicles £	Total £
Cost:			
At 1st April 1996 and at 31st March 1997	380	17,130	17,510
Depreciation:			
At 1st April 1996	152	3,807	3,959
Charge for the year	76	5,710	5,786
At 31st March 1997	228	9,517	9,745
Net book value:			
At 31st March 1997	£ 152	£ 7,613	£ 7,765
At 1st April 1996	£ 228	£ 13,323	£ 13,551

The net book value of motor vehicles includes an amount of £7,613 (1996: £13,323) in respect of assets held under finance leases and hire purchase contracts, and the depreciation charge for the year is £5,710 (1996: £3,807)

BULLDOG MAGAZINES LIMITED

NOTES TO THE ACCOUNTS

31ST MARCH 1997

9.	FIXED ASSET INVESTMENT	1997 £	1996 £
	Shares at cost	£51,765	£51,765

The company owns 100% of the issued share capital of The British Connection Inc., a magazine distribution business operating in North America.

As stated in the accounting policies, group accounts are not prepared by virtue of the exemption conferred by Section 248 of the Companies Act 1985.

The subsidiary company draws up accounts to 31st December in each year in line with normal practice in the United States of America. All profits earned in the subsidiary business are transferred to Bulldog Magazines Limited by way of management charges and are therefore included within these accounts.

10.	STOCKS	1997 £	1996 £
	Raw materials	£ 11,818	£ 7,000

11.	DEBTORS	1997 £	1996 £
	Trade debtors	84,481	49,844
	Other debtors	4,902	5,979
	Prepayments and accrued income	2,958	2,941
		£ 92,341	£ 58,764

BULLDOG MAGAZINES LIMITED

NOTES TO THE ACCOUNTS

31ST MARCH 1997

12. CREDITORS: amounts falling due within one year	1997 £	1996 £
Trade creditors	137,174	126,094
Amounts owed to subsidiary undertaking	127,588	89,585
Corporation tax	-	7,400
Taxes and social security costs	1,023	4,239
Net obligations under finance lease and hire purchase contracts	3,453	3,453
Other creditors	231,613	178,737
Accruals and deferred income	17,741	16,981
	<u>£ 518,592</u>	<u>£ 426,489</u>

Amounts due under finance leases are secured on the assets to which they relate.

13. CREDITORS: Amounts falling due after more than one year	1997 £	1996 £
Loans wholly repayable within five years	5,000	5,000
Net obligations under finance leases and hire purchase contracts	1,151	4,604
	<u>£ 6,151</u>	<u>£ 9,604</u>

Amounts due under finance leases are secured on the assets to which they relate.

14. SHARE CAPITAL	1997 £	1996 £
<u>Authorised</u>		
100,000 Ordinary shares of £1 each	<u>£ 100,000</u>	<u>£ 100,000</u>
<u>Allotted, called up and fully paid</u>		
45,454 Ordinary shares of £1 each	<u>£ 45,454</u>	<u>£ 45,454</u>

BULLDOG MAGAZINES LIMITED

NOTES TO THE ACCOUNTS

31ST MARCH 1997

15. SHARE PREMIUM ACCOUNT

	1997 £	1996 £
Balance brought forward and carried forward at 31st March 1997	£ 9,546	£ 9,546

16. PROFIT AND LOSS ACCOUNT

	1997 £	1996 £
Retained profits at 1st April 1996	5,022	24,385
Prior period adjustment	(33,621)	(80,000)
Retained (losses) at 1st April 1996 as restated	(28,599)	(55,615)
Retained profit for the year	87,000	27,016
Retained profits/(losses) at 31st March 1997	£ 58,401	£ (28,599)

The prior period adjustment relates to a change in accounting treatment for subscriptions income. Provision has been made at 31 March 1997 for subscriptions received in advance of £159,793. Previously subscriptions income has been credited to the profit and loss account on a receipts basis.

17. RECONCILIATION OF MOVEMENTS ON SHAREHOLDERS' FUNDS

	1997 £	1996 £
Equity shareholders' funds at 1st April 1996	60,022	79,385
Prior period adjustment	(33,621)	(80,000)
Equity shareholders' funds at 1st April 1996 as restated	26,401	615
Profit for the financial year	87,000	27,016
Equity shareholders' funds at 31st March 1997	£ 113,401	£ 26,401

BULLDOG MAGAZINES LIMITED

NOTES TO THE ACCOUNTS

31ST MARCH 1997

18. CONTINGENT LIABILITIES

The company has entered into a forward contract to purchase \$200,000 (£129,264) on the 30/4/97.

19. CONTINGENT LIABILITIES

Mr P D R Dobson is a director of Bulldog Magazines Limited and Romsey Publishing Company Limited. During the year a management charge of £141,666 was paid by Bulldog Magazines Limited to Romsey Publishing Company in respect of premises costs, staff supplied and proportions of administrative costs.